

Order 193-15/16

Passage: 8-0 (Thibodeau absent) on 3/21/2016

Effective 3/31/2016

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
EDWARD J. SUSLOVIC (3)
JUSTIN COSTA (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
JON HINCK (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER ACCEPTING AND ADOPTING
THE 2016 HOUSING TRUST FUND ANNUAL PLAN**

ORDERED, that the 2016 Housing Trust Fund Annual Plan, attached hereto, is hereby accepted and adopted.

HOUSING TRUST FUND 2016 ANNUAL PLAN

The Housing Trust fund is established by Section 14-489 of the City’s Code of Ordinances. Section 14-489 (e) states that “the city council shall adopt a housing trust fund annual plan” and that the “housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action.”

The Annual Plan will establish the priorities in which the current balance of the Housing Trust Fund will be allocated. The plan is in line with City Council Goals ~~from~~ ~~which include this statement from~~ 2014: Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors ~~and from~~ ~~In 2016~~ ~~the Fund includes a~~ Plan for five new “Housing First” projects.

This budget is based on the current balance in the Housing Trust Fund which is primarily a result of fees generated by the Housing Replacement Ordinance. As of February 16, 2016, the balance of the Housing Trust Fund is \$468,551. While staff anticipates increases in revenue in the Housing Trust Fund as a result of the Inclusionary Zoning Ordinance and other sources being considered by the City Council, those anticipated resources are not included in the 2016 Annual Plan.

Sources and Uses of Housing Trust Fund:

DEPOSITS		EXPENDITURES	
Maine Medical Center 2002-2003	\$ 315,580	Avesta Oak Street Lofts 2011	\$ (380,585)
Sportsman's Grill 2002	\$ 40,000	Housing First Pre-Development RFP	\$ (75,000)
Berlin City Auto 2009	\$ 116,000	65 Hanover St	\$ (9,250)
Stop n Shop 2010	\$ 289,250	65 Munjoy ST	\$ (175,000)
Rockbridge/Eastland Park 2012	\$ 42,500		
Riverwalk/Ocean Gateway 2012	\$ 250,000		
118 Congress LLC April 2014	\$ 3,500		
Interest earned	\$ 51,556	Balance	\$ 468,551

City Ordinance requires that the Housing Trust Fund Annual Plan include a description of the programs to be funded, a budget for each program and identify how the funds will be distributed among very-low (at or below 50% of the area median income), low (at or below 80% of the area median income) and moderate income (at or below 120% of the area median income) households.

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing increased availability in all segments of the housing market. While the City has other resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope. The proposed Housing Program budget for FY 2016-2017 includes \$324,836 in HOME funding for affordable housing development, \$150,000 for housing rehabilitation and \$304,178 in CDBG housing program income for housing rehabilitation. The HOME program restricts rental housing assistance to households at or below 60% of the area median income and home ownership assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income. City Ordinance allows the Housing Trust Fund to assist households at or below 120% of area median income.

The purpose of the Housing Trust Fund is the “...promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City.” and “To serve as a vehicle for addressing very low, low and median income housing needs...”. Currently, the Housing Trust Fund revenue is generated by the Housing Preservation and Replacement Ordinance. However, the recently approved Inclusionary Zoning Ordinance, along with other funding resources under Council consideration, will provide additional revenue for the Housing Trust Fund.

Affordability restrictions are required. In the case of rental or cooperative units, the units must remain affordable for the life of the housing unit which is presumed to be a minimum of thirty (30) years. Homeownership units must include resale restrictions that maintain an “equitable balance” between the interests of the owner and the City. These restrictions must be documented and recorded in the Cumberland County Registry of Deeds.

Housing Trust Fund resources should be focused on opportunities where other funding sources do not work or are not effective. Housing Trust Fund investment should be focused on (1) projects designed to create workforce housing targeted to households earning 80% to 120% of the area median income; and (2) rental housing projects targeted to very-low income households (at or below 50% of the area median income). As always, the City should act prudently when deciding to invest these funds. Developments or projects requesting financing assistance from the Housing Trust Fund will be brought to the City Council for funding approval.

The Housing Trust Fund resources are also intended to promote the retention of affordable housing. Staff recommends that Housing Trust Fund resources be made available, if necessary, to exercise the City’s right of first refusal it may have in connection with potential foreclosure issues with affordable homeownership units. This is unlikely to occur in the near future but may come up as more workforce homeownership units are created through Portland’s new inclusionary zoning ordinance. Similarly, Housing Trust Funds resources should also be considered for aiding households that own affordable units to pay special assessments from their condominium or homeowners association in order to help maintain the unit’s affordability and reduce any risk of foreclosure. It is important to allow for the consideration of using funds in these manners as foreclosure of a unit can jeopardize any affordability restrictions associated with the property.

Staff is requesting City Council approval of the proposed 2016-2017 Housing Trust Fund Annual Plan for the balance of \$468,551 currently existing in the Housing Trust Fund. Any revenue generated above and beyond the existing balance will not be allocated without an amendment to the Annual Plan.